

*FSA Integration Partner*

United States Department of Education

Federal Student Aid



**Data Strategy 2.0**  
**Data Framework**  
**152.1.3a Data Strategy Target Vision**  
**Functional Gap Analysis**  
**(Draft)**

*Task Order #152*

**Version 1.0**

February 27, 2004

**Note:** This deliverable provides the current and Target State background, and defines the objective for each gap analysis effort. This document also highlights some of the possible options for how the current state functionality may be performed in the Target State. These options will be the basis for working sessions with FSA Subject Matter Experts, which will result in recommendations that will be detailed in deliverable 152.1.3b Data Strategy Target Vision Functional Gap Analysis (Final).



## **Executive Summary (Will be added in 152.1.3b)**

The Executive Summary will provide an overview of the document's content and key messages. The intended audience will be those readers that wish to obtain high-level insight into the key findings discussed throughout this options analysis.



## Amendment History

DATE	SECTION/ PAGE	DESCRIPTION	REQUESTED BY	MADE BY
02/27/2004	All	Document submitted for FSA-wide review	N/A	D. Marker
02/27/2004	Appendix D	Target State Function Matrix Updated (originally submitted within 123.1.4 Data Framework Specification)	N/A	D. Marker



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## 1 Introduction

### 1.1 Purpose

The Data Strategy Target Vision Functional Gap Analysis will assess selected functional gap areas and determine their impact on the Data Strategy Target Vision, as defined in deliverable 123.1.4 Data Framework Specification. The functional gap areas were recommended jointly by Federal Student Aid's (FSA) Business Technology Integration Group (BTIG) and the Data Strategy Team Leads through a series of retreats designed to validate the original Target State Vision. These areas are gaps in as much as they were presented in the original Data Strategy documentation but were not fully developed, or there was not consensus as to the best option for their Target State Vision functional mapping. Areas where consensus could not be reached and reflected on the To-Be Financial Aid Life Cycle or Target State Function Matrix were documented in a parking lot issues list. The functional gap areas to be discussed during this effort were identified by FSA as the key topics from that parking lot. By further detailing the definition and mapping of these areas, it is anticipated that the Target State Vision will be more complete and consensus will be obtained.

The purpose of this draft document is to provide the required current and Target State background, as well as define the objective for each analysis effort through the creation of the functional gap statement. This document also highlights some of the possible options for how the current state functionality may be performed in the Target Vision. These options will be the basis for working sessions with FSA Subject Matter Experts (SMEs) as the recommended approach for the Target Vision is defined and documented in deliverable 152.1.3b Data Strategy Target Vision Functional Gap Analysis (Final). The options and discussion points presented in this draft are not intended to be absolute and will be refined as necessary throughout the process.

### 1.2 Scope

The following are the five functional gap areas that are the focus of this effort:

- Accounts Receivable (AR) Functionality
- Campus-Based Functionality
- NSLDS (National Student Loan Data System) Functionality
- Oversight Functionality
- Lender Payments Scope of Effort Analysis

This effort will include a business option analysis to determine how the identified functional gap areas may receive and process financial transactions in a more efficient, enterprise-wide manner. The option analysis will build upon the high-level Target Vision created in the initial Data Strategy effort, and will include a mapping of functionality currently performed by applications supporting these gaps into the Target State Vision. This effort also includes an analysis of the scope of effort required to perform the calculation of Lender Payments based on detailed Federal Family Education Loan (FFEL) data along with the preliminary findings of that



analysis.

The Target Vision options will be researched using previously compiled documentation and through working sessions with FSA SMEs. Once recommendations for function mapping into the Target State Vision are finalized, they will be reviewed with a broader FSA audience (including the BTIG, key stakeholders, and business owners) for validation.

The Functional Gap Analysis will be delivered in two phases:

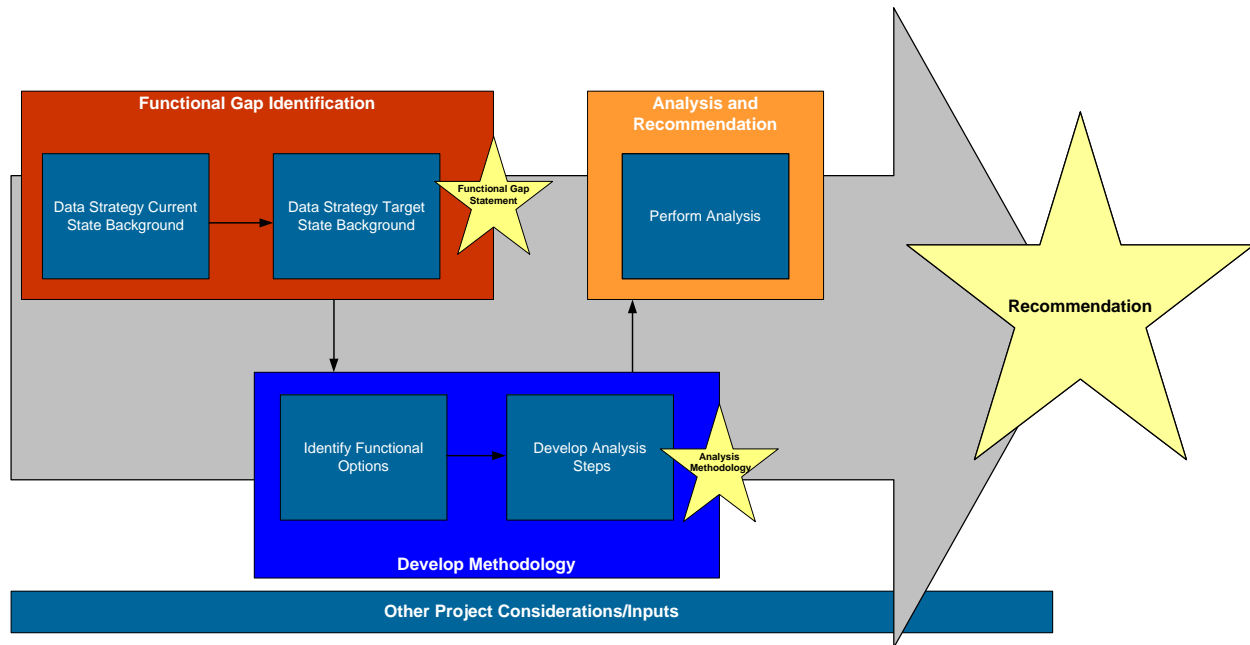
- **152.1.3a Data Strategy Target Vision Functional Gap Analysis (Draft)** – The draft deliverable focuses on the creation of the functional gap statement, which outlines the objective for each gap analysis effort. It also contains the current and Target State background for each analysis effort, and possible options for how the current state functionality may be performed in the Target State. The content of this deliverable serves as the foundation for the analysis and stakeholder discussions that will occur in the next phase.
- **152.1.3b Data Strategy Target Vision Functional Gap Analysis (Final)** – Building on the information outlined in the draft deliverable, this deliverable will contain the final options and Target State recommendation in response to each functional gap statement. The Lender Payments gap will include an analysis of the scope of effort required to perform the calculation of lender payments based on detailed FFEL Loan data.

While the options and recommendations determined through this analysis may result in a modification to the Target State, no requirements or designs will directly result from this effort and none of the recommendations will be implemented as part of this deliverable. As with all areas of the Data Strategy effort, additional steps are required to develop subsequent requirements, create detailed designs, and implement the recommended options. As FSA approaches these future efforts, this document should serve as a reference tool to better understand the enterprise's functionality.

### **1.3 Methodology**

The methodology used to perform the functional gap analysis is depicted in the following diagram, and consists of four primary stages. The stages (Functional Gap Identification, Develop Methodology, Analysis and Recommendation, and Other Project Considerations/Inputs) are discussed in detail in the following sections.





**Figure 1 - Functional Gap Analysis Approach**

### 1.3.1 Functional Gap Identification

The Functional Gap Identification stage consists of three main steps: the Data Strategy Current State Background, the Data Strategy Target State Background, and the resulting Functional Gap Statement. Definition of these steps for each functional gap area is the primary goal of the draft deliverable.

#### 1.3.1.1 Data Strategy Current State Background

The Data Strategy Current State Background leverages information gathered and documented in Data Strategy deliverable 123.1.2 As-Is System Data Flows. FSA's current business architecture is based on a system-centric usage of data. The As-Is System Data Flows contain the current path of information through FSA's enterprise, displaying how information is introduced, captured, and passed between FSA systems to support the business of delivering and overseeing Title IV Aid. Using the existing data flows, functional gap area-specific flows are illustrated to isolate the gap area's system(s) within the enterprise. Also, the relationship between the business functions of the gap area and the Life Cycle Phases are identified.

#### 1.3.1.2 Data Strategy Target State Background

The Data Strategy Target State Background references Data Strategy deliverable 123.1.4 Data Framework Specification. The transition from the current state to the Target State contains a paradigm shift from a system-centric to a business process-centric enterprise. Whereas the flow of data in the current state focuses on communicating from system to system, data in the Target



State Vision is organized around core business processes named Business Capability Areas (BCAs). FSA's high-level enterprise functions were mapped to the BCAs within the previous Data Strategy effort. The functional gaps that will be analyzed in this effort were also mapped to the Target State BCAs. However, the need for clarity or further detail has resulted in the gap. Therefore, the enterprise functions related to the gap and their mappings to the original Target State are identified and used to initiate the detailed discussion on each of the gaps with the Analysis and Recommendation stage.

#### *1.3.1.3 Functional Gap Statement*

Each gap area contains a functional gap statement that documents the objective of the Analysis and Recommendation stage. The function gap statement is the derivative of the parking lot question or discussion point from the initial Data Strategy Target Vision retreats.

### **1.3.2 Develop Methodology**

The Develop Methodology stage begins upon the completion of the Functional Gap Identification stage and focuses on the approach that will be used to analyze the gap. There are two main steps during the Develop Methodology stage: Identify Functional Options and Develop Analysis Steps and Criteria.

#### *1.3.2.1 Identify Functional Options*

The Identify Functional Options step determines the viable options that will be analyzed within the Analysis and Recommendation stage. Using the previously gathered background information and functional gap statement, a high level analysis is performed to develop an initial list of options. The initial options, which are contained within this draft deliverable, will be discussed with a core team of FSA SMEs and Data Strategy team members to determine their practicality. Options will then be held for further analysis or discarded, while additional options will be identified throughout the working sessions. The final output of this step is options for each gap area to be analyzed in the next stage and serve as the basis for the recommendation.

#### *1.3.2.2 Develop Analysis Steps*

The analysis steps are the tasks that will be completed during the Analysis and Recommendation stage to analyze the viable options for a gap area and define the recommended option.

### **Functional Gap Analysis**

The analysis steps for the Accounts Receivable, Campus-Based, NSLDS, and Oversight functional gaps will consist of two central efforts:



- **Refine Definition of the Functional Gap in the Current State** - In order to better understand the current state functionality, business process flows will be created to illustrate scenarios specific to the functional gap area. The Data Strategy As-Is System Data Flows (deliverable 123.1.2), FSA SMEs, and existing system documentation will be referenced when creating these flows. SMEs will validate the flows and provide any additional information that is relevant to understanding the current processes.
- **Map Process Flows to the Target State** - The current state process flows will serve as a tool to verify functionality is present in the Target State. The current state process flows will be recreated to illustrate the options for mapping functions in the Target State, with consideration given to mapping the viable options to the BCAs. The options will be analyzed thoroughly and a recommendation will be given based on the information gathered from meetings with FSA, along with an examination of the advantages and disadvantages of each option. Other considerations and enablers, such as FSA business objectives, contractual obligations, and technology, will also be used to evaluate each option.

### Scope of Effort Analysis

The Lender Payments Scope of Effort Analysis will use the following steps to understand the scope of effort required to calculate lender payments based on detailed FFEL loan data:

- Identify loan details required to calculate lender payments and further refine current state definition of how lender payments are substantiated
- Outline core areas that will be potentially impacted by change in lender payment processing (systems, processes, business areas, etc.)
- Develop criteria for assessing degree of impact
- Assess degree of impact

#### 1.3.2.3 Analysis Methodology

The Analysis Methodology is a milestone point that represents the completion of the two steps within the Develop Methodology stage. Once the list of viable functional options has been identified and the approach used to obtain the required information is defined, the primary focus of this effort will shift to the analysis of each option and the development of the recommendation for each gap area.

### 1.3.3 Analysis and Recommendation

The Analysis and Recommendation stage focuses on analyzing the list of viable options (the Perform Analysis step) and defining the recommended option.

#### 1.3.3.1 Perform Analysis

As discussed in Section 1.3.2.2 Develop Analysis Steps, the analysis will begin with an assessment of the current state, followed by the mapping of functions to the Target State based



on the viable options that were agreed upon within earlier stages. The options analysis will be conducted utilizing working sessions with a core group of FSA SMEs identified for each functional gap. In addition to mapping functions to the Target State, other considerations and enablers, such as FSA business objectives, contractual obligations, and technology, will be used to evaluate each option.

#### 1.3.3.2 Recommendation

The definition of the recommendation is the final step in the methodology. Based on the findings from the Perform Analysis step, core SME team working sessions will be conducted to weigh the pros and cons of each option and decide on the final recommendation. If modifications to the Data Strategy Target Vision are required, then the changes will be reviewed with the BTIG and the Target Vision will be revised, as necessary.

#### 1.3.4 Other Project Considerations/Inputs

Each step in the functional gap analysis approach will require coordination with a number of FSA's systems, business capabilities, organizations, and trading partners. The following matrix outlines the touch-points for each of the five functional gap areas.

Functional Gap	Has Integration point with...	Concerning...	Description
Accounts Receivable Functionality	Common Origination and Disbursement (COD)	Pell/Direct Loan (DL) Receivable Actions	Proper mapping of AR Functionality to the Target Vision
	Electronic Campus-Based System (eCB)	Campus-Based Receivable Actions	Proper mapping of AR Functionality to the Target Vision
	Financial Management System (FMS)	Oracle AR Functionality. Leveraging Education Assistance Partnership (LEAP)/ Special Leveraging Education Assistance Partnership (SLEAP) Receivable Actions. Lender Receivable Actions.	Proper mapping of AR Functionality to the Target Vision
	Grants Administrative and Payment System (GAPS)	Processing/reporting of fund receipts	Proper mapping of AR Functionality to the Target Vision



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Functional Gap	Has Integration point with...	Concerning...	Description
	Electronic Case Management and Oversight (eCMO)/ Post-Secondary Education Participation System (PEPS)	Retrieval of Administrative Fines	Proper mapping of AR Functionality to the Target Vision
Campus-Based Functionality	eCB	As-Is functions and processes	Proper placement of eCB/FISAP (Fiscal Operations Report and Application to Participate) functions in the Target Vision
	Origination and Disbursement (O&D)	Reporting requirements	Potential disbursement reporting requirements to O&D
	Schools	Reporting requirements	Possible changes to School FISAP reporting requirements
	Integrated Partner Management (IPM)	Application portion of FISAP/Oversight	Data access/processing of FISAP data
NSLDS Functionality	NSLDS	As-Is functions and processes	Proper mapping of NSLDS functionality to the Target Vision
	Schools	Reporting requirements/services	Possible changes to School reporting requirements based on mapping of NSLDS functions in the Target Vision
	Lenders/ Guaranty Agencies (GAs)	Reporting requirements/services	Possible changes to Lender/GA reporting requirements based on mapping of NSLDS functions in the Target Vision
	IPM	Data requirements Cohort Default Rate (CDR) service	Data access/retrieval requirements for NSLDS related data
Oversight Functionality	eCMO/PEPS	Oversight functions	Proper mapping of eCMO functionality to the Target Vision
Lender Payments Scope of Effort Analysis	O&D	Reporting requirements	Potential disbursement reporting requirements to O&D



Functional Gap	Has Integration point with...	Concerning...	Description
	Lenders/GAs	Reporting requirements	Possible changes to Lender/GA reporting requirements based on reengineered Lender Payment process
	IPM	Potential role in Lender payment processing	Possible data access/processing of Lender Payment data in reengineered process

**Table 1 - Integration Points with FSA's Systems, Business Capabilities, Organizations, and Trading Partners**

#### **1.4 Results Achieved (will be added in 152.1.3b)**

This section will summarize the final recommendations for each area and the business drivers behind those decisions.

#### **1.5 Assumptions**

This deliverable was created on the basis of the following assumptions:

- This draft deliverable contains the current and Target State background, functional gap statement, and preliminary options/discussion points for each analysis effort. The content of this deliverable serves as the foundation for the options analysis and definition of recommendations that will occur in the next phase. The final options and recommendations will be contained within deliverable 152.1.3b Data Strategy Target Vision Functional Gap Analysis (Final).
- The current and Target State information from the original Data Strategy effort was reviewed by FSA business owners for accuracy and completeness. This information will be referenced through this effort; however, it is not intended to be absolute and will be refined as necessary throughout the process.
- The following Integration Partner deliverables have been referenced in the completion of this document, and contain further detailed information:
  - Data Strategy project deliverable 123.1.2 As-Is System Data Flows
  - Data Strategy project deliverable 123.1.4 Data Framework Specification
  - eCMO project deliverable 127.1.1 eCMO: Case Management Analysis Version 1.0 (As-is functionality)
- Efforts, documents, and references previously titled Trading Partner Management (TPM) in the initial Data Strategy effort are now identified as Integrated Partner Management (IPM).
- The final version of the Functional Gap Analysis deliverable will provide recommendations for changes to the Data Strategy Target Vision, as it was detailed in deliverable 123.1.4 Data Framework Specification. The implementation details of the



recommendations, including requirements and designs, are not included with this deliverable.





## 2 Accounts Receivable Functionality

### 2.1 Functional Gap Identification

#### 2.1.1 Data Strategy Current State Background

The As-Is Data Flows constructed in the initial Data Strategy effort were organized by Life Cycle Phases and Business Processes. Two of the Business Processes, Origination and Disbursement and Oversight, have flows containing data associated with Accounts Receivable (AR) functionality. AR is defined as money due to FSA from a trading partner (school, lender, or state agency) to compensate for unsubstantiated funds or outstanding fees connected to participation in Title IV activities. Originally, the AR data flows were not uniquely identified; however, the diagram below highlights the AR related interfaces and the five programs that require AR functionality:

- Pell Grants
- Direct Loans
- Campus-Based Aid
- Leveraging Educational Assistance Partnership/Special Leveraging Educational Assistance Partnership (LEAP/SLEAP)
- Federal Family Education Loan (FFEL)

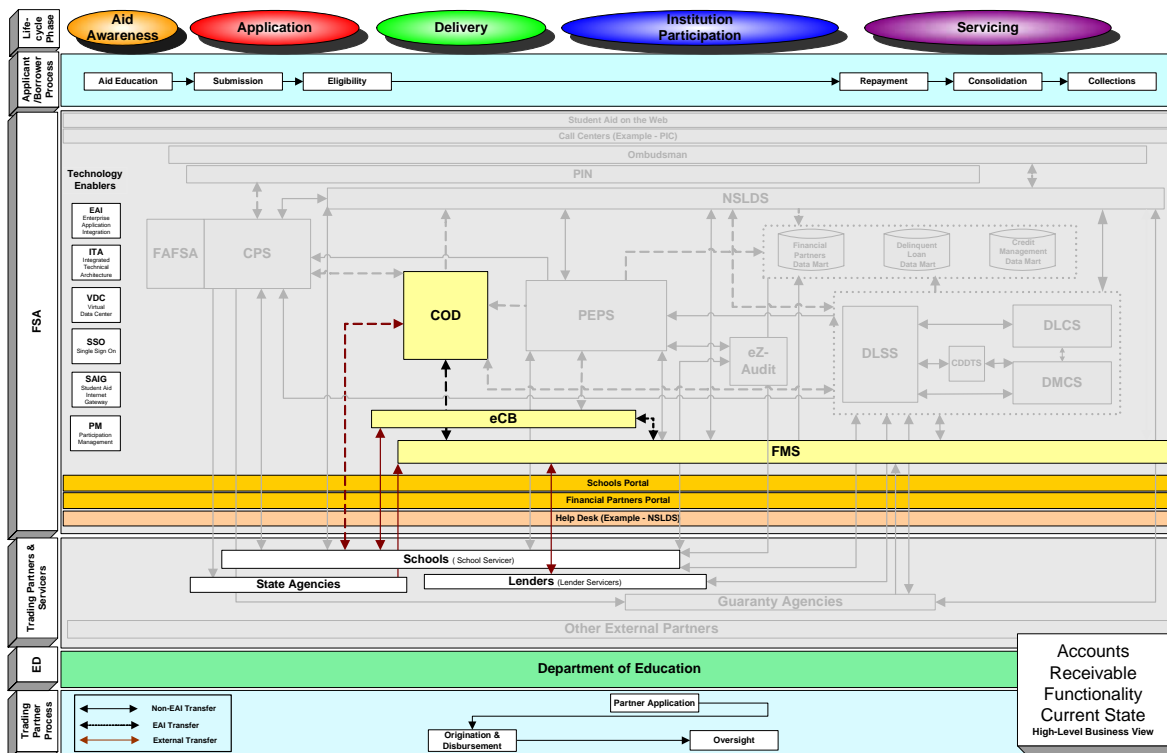
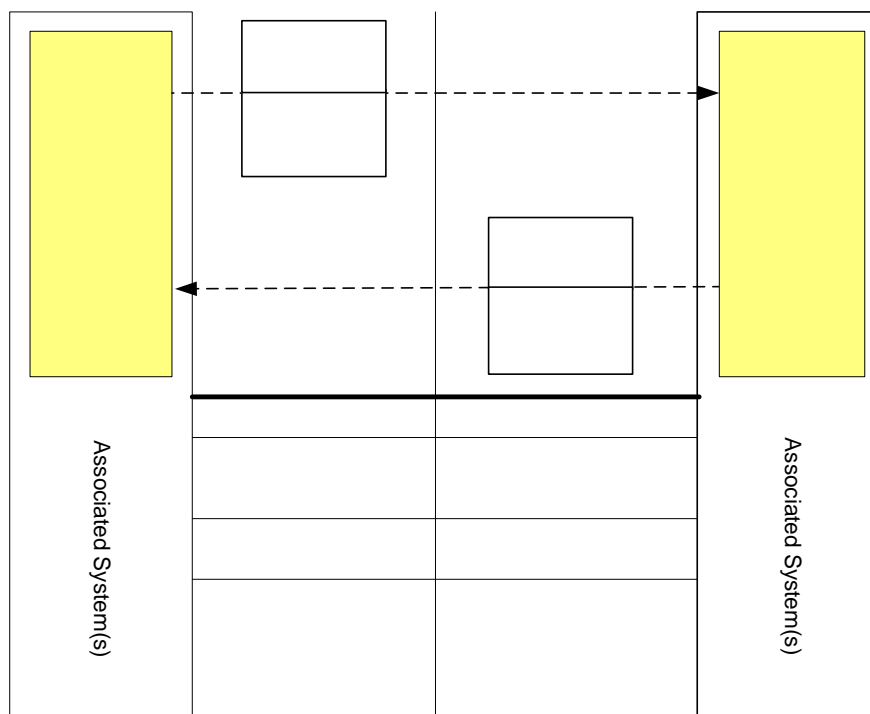


Figure 2 - Accounts Receivable Functionality Current State High-Level Business View





Appendix B: Functional Gap Process Data Flows provides the process data flows that support this overview diagram. Similar to the overview diagram, the diagrams in the appendix have been updated to highlight the interfaces relevant to AR functionality. Each interface does not have a true “AR transaction”, but it has information which is associated with the identification or communication of monies owed by Trading Partners to FSA. Furthermore, although the highlighted data flows indicate the transfer of AR related information, the data is often only one subcomponent of a given flow. For example (as shown below), when COD sends FMS receivable-related transactions such as deobligations, it may also send various other Pell and Direct Loan transactions such as adjustments, disbursements, and obligations.



**Figure 3 - Sample AR Process Data Flow**

### 2.1.2 Data Strategy Target State Background

As shown in the table and diagram below, the AR Management function grouping was mapped to the Financial Management (FM) Business Capability Area as part of the FSA business owners’ Target State visioning in the initial Data Strategy effort.

Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
FM	AR Management	Manage accounts receivable	FMS

**Table 2 - Accounts Receivable Functionality Target State Mapping**



# Data Strategy 2.0 Data Framework Data Strategy Target Vision Functional Gap Analysis (Draft)

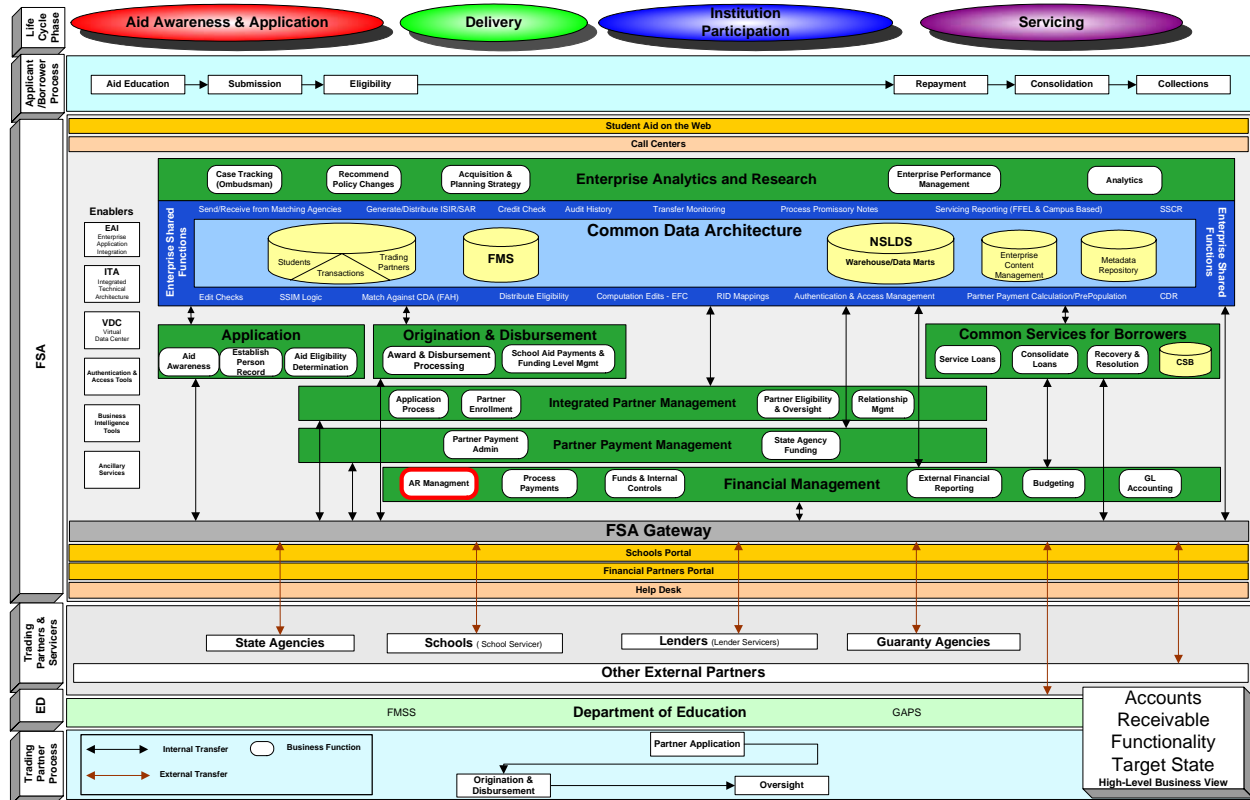


Figure 4 - Accounts Receivable Functionality Target State High-Level Business View

In the Target State Vision, FM will have access to data for each of the various programs (Direct Loan, Pell, FFEL, Campus-Based, and LEAP/SLEAP). The Common Data Architecture (CDA) will receive transactional updates (such as originations, disbursements, adjustments, and refunds) from the Origination and Disbursement (O&D) and Partner Payment Management (PPM) Business Capability Areas. After the CDA is updated, if a need for an accounts receivable action arises, FM will directly access this data and perform the necessary receivable processing and management.

## 2.1.3 Functional Gap Statement

Although AR functionality was addressed by the As-Is Data Flows and was mapped to the Target State, the details for the various programs (Pell, Direct Loan, Campus-Based, LEAP/SLEAP, and FFEL) are not always apparent. During the Data Strategy retreats, a question was raised as to what level AR is currently managed and tracked.

To provide a more precise Target State definition, it is necessary to further develop the definition of AR in the As-Is state and determine whether the capability to track receivables at the program level currently exists. After refining the As-Is definition, the previously recommended option of mapping the AR functionality to the Financial Management Business Capability Area needs to be validated and the To-Be definition needs to be further detailed.



## 2.2 Analysis Methodology

### 2.2.1 Functional Options

As noted in the Section 2.1.1 Data Strategy Current State Background, five programs require AR functionality. The following matrix identifies possible AR scenarios for each of these programs and maps them to their related As-Is systems and Target State Business Capability Area options. These scenarios will be discussed in greater detail in the next phase of the analysis (Deliverable 152.1.3b).

Program	Trading Partner	AR Scenario	Related As-Is Systems	Target State Business Capability Area Options
Pell Grants	Schools	Student with previously substantiated funds becomes ineligible for Title IV (Return to Title IV (R2T4))	COD, CMO, FMSS, PEPS	O&D, IPM, PPM, FM
		Advanced Funding School draws down funds from GAPS but fails to substantiate		
		School closes or becomes ineligible to participate in Title IV		
Direct Loans	Schools	Student with previously substantiated funds becomes ineligible for Title IV (R2T4)	COD, CMO, FMSS, PEPS	O&D, IPM, PPM, FM
		Advanced Funding School draws down funds from GAPS but fails to substantiate		
		School closes or becomes ineligible to participate in Title IV		
Campus-Based Aid	Schools	Based on FISAP data, or lack thereof, school has "excess liquid capital on-hand"	eCB, CMO, FMSS, PEPS	O&D, IPM, PPM, FM
		School closes or becomes ineligible to participate in Title IV		



Program	Trading Partner	AR Scenario	Related As-Is Systems	Target State Business Capability Area Options
LEAP/SLEAP State Grants	State Agencies	State Agency fails to return unused LEAP/SLEP funds (Note: unused funds are identified based on state agency response to form email)	FMS, GAPS	IPM, PPM, FM
FFEL Lender Fees	Lender	Lender Submits Consolidated Loan Rebate Fee to external lockbox	FMS	IPM, PPM, FM
		Lender Submits Student Loan Marketing Association Fee to external lockbox		
		Net AR from Lender Reporting System (LaRS) - 799 report		
FFEL GA Fees	GA	Need to remit Form 2000 payments due to invalid reinsurance requests (GA is paid after submitting form 2000 without claim founding) or amounts to be remitted due to collections on a loan that FSA paid reinsurance to GA	FMS	IPM, PPM, FM
All Programs	Schools, Financial Partners	Trading Partner fails to follow regulations and a liability or fine is imposed. After the liability or fine is imposed, the partner may appeal and a settlement may be made.	FMS, PEPS CMO, Administrative Actions and Appeals (AAA)	IPM, PPM, FM

**Table 3 - Accounts Receivable Functionality Target State Options**

### 2.2.2 Analysis Steps

The analysis steps for the AR functional gap area will follow the process outlined in Section 1.3.2.2 Develop Analysis Steps.

### 2.3 Analysis Results and Recommendation (Will be added in 152.1.3b)

This section will discuss the results of the second phase of this effort, which will result in a recommended option for the mapping of this functional gap to the Target State.



### 3 Campus-Based Functionality

#### 3.1 Functional Gap Identification

##### 3.1.1 Data Strategy Current State Background

The FSA business architecture is organized by a system-centric usage of data to support siloed business processing. Working with FSA, the initial Data Strategy effort established a shared understanding of current flows of information within the FSA enterprise. This understanding of data flow was documented and categorized by Life Cycle Phases and Business Processes. Three of the Business Processes, Application, Origination and Disbursement, and Oversight, have flows that contain data related to the Fiscal Operations Report and Application (FISAP) processing in the electronic Campus-Based system (eCB). FISAP is the application to participate and the reporting of fiscal operations for schools participating in the Campus-Based Programs. Currently the eCB system is a closed loop where information is circulated at the aggregate level from the school to eCB then to FMS, with no comparison of details reported by the school to NSLDS. The following diagram highlights the flow of eCB related information. The underlying detailed Process Data Flow diagrams are provided in Appendix B: Functional Gap Process Data Flows.

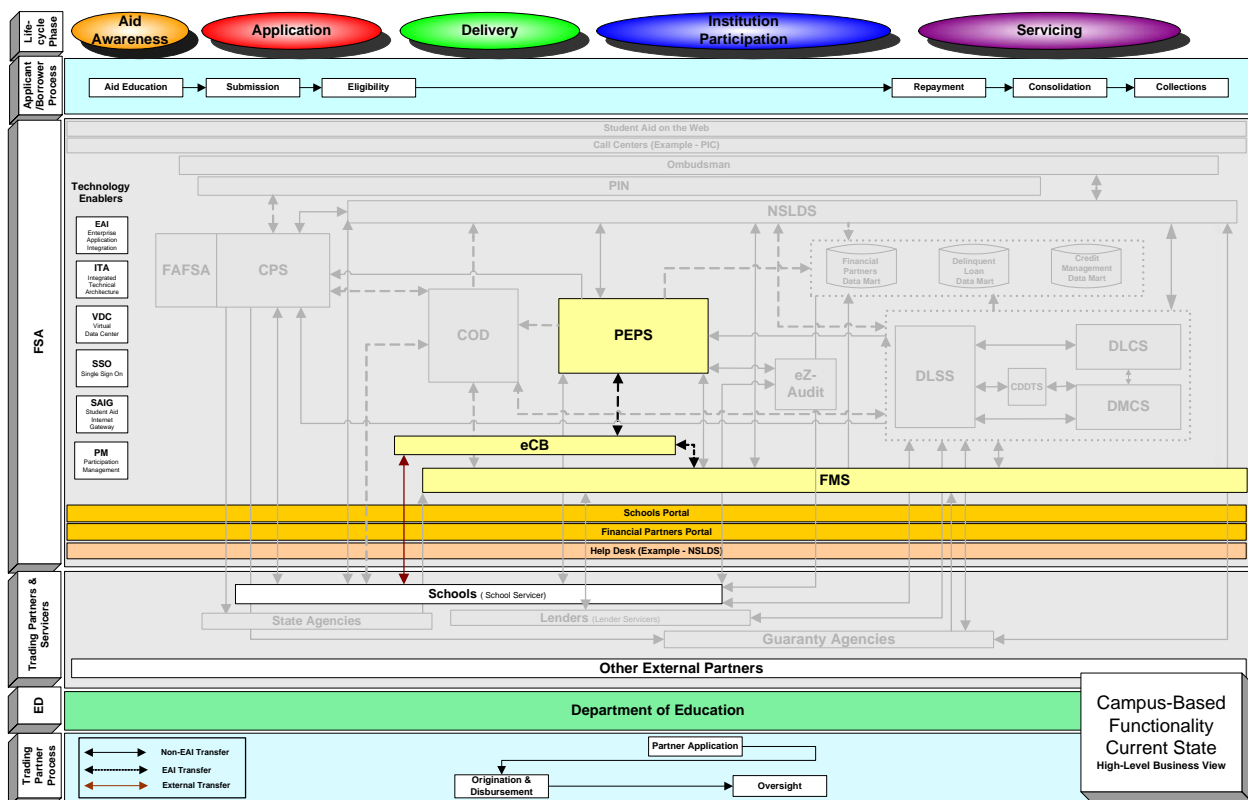


Figure 5 - Campus-Based Functionality Current State High-Level Business View



#### *3.1.1.1 Application*

The Application (APP) business process begins when a school fills out and submits the FISAP through eCB. FISAP on the Web contains two sections: the application to participate in Title IV Campus-Based Programs and the fiscal operations report for Campus-Based Program participation. The Campus-Based Program enables schools to receive funding for their students from the Department of Education (ED) through Federal Perkins Loans, Federal Supplemental Educational Opportunity Grants (FSEOG), and Federal Work-Study (FWS).

#### *3.1.1.2 Delivery*

Once a school's application is processed, the next business process is the origination and disbursement of funds. eCB calculates and notifies schools of their tentative funding amount. Before final fund disbursement, schools and FMS are sent the final funding notification (also known as the Statement of Account Letter) describing their final awards by type and fund amount. After the annual award cycle is completed, each school returns any undistributed Campus-Based funds. Based on the amount of money returned, eCB determines any supplemental award amount for schools that requested additional funding. eCB then sends FMS closeout obligations for supplemental funding.

#### *3.1.1.3 Oversight*

Once Campus-Based funds are disbursed, the final business process is the Oversight of the Campus-Based programs. eCB posts a federal notice to the Federal Register and the Information for Financial Aid Professionals (IFAP) to inform institutions of the annual deadline for FISAP submission. Schools also communicate directly with eCB for community service waivers, use of funds waiver request, and Title III or Title V approval/verification waivers.

Based on the funds it has disbursed over the last year, a school submits the Fiscal Operations Report for Perkins Loans, FSEOG, and FWS, as part of the FISAP. The Fiscal Operations Reports contain the school's Campus-Based expenditures, compiled at an aggregate level and with no individual student information.

Perkins Loan Program information is submitted as an aggregate summary including the number of borrowers, debit and credit balances. After processing this information, eCB sends it to FMS for accounting purposes. Perkins Loans must be reported by the school to NSLDS at the individual loan level; however, this information is not verified with the information in eCB. Currently, FSEOG and FWS individual funding amounts are not submitted to FSA.

It is important to note that eCB also conducts and is responsible for functions that are not directly related to FISAP processing, or serve only a supporting/enabling role. For example, schools have the option to participate in the Default Reduction and Aversion Program (DRAP). eCB sends a letter requesting a list of defaulted Perkins Loan borrowers to schools enrolled in DRAP. Schools respond to these requests by reporting Perkins Loan borrowers in default via the Student Aid Internet Gateway (SAIG). Once this list is received from the schools, eCB sends





letters to the defaulted Perkins borrowers.

Unpaid Teacher Cancellation Liabilities are the cumulative amount of Perkins Loans cancelled thorough a provision in the Act for Teachers for those teaching in low income areas or teacher shortage areas, or teaching disabled students. In order to support Teacher Cancellation Payments, for example, eCB requests from State Agencies a list of low income areas in which teachers who have borrowed funds may seek cancellation of their loan debt.

To ensure schools are eligible for Title IV participation and to facilitate communication with schools, eCB works with the Post-Secondary Education Participation System (PEPS) and the Participation Management system (PM), respectively. PEPS sends the Daily School File to eCB, which includes the school's eligibility, participation, and identifier information for Campus-Based Programs. Once an eligible school begins participating in Campus-Based Programs, eCB notifies PM of their eligibility for related services. PM then sends the schools a SAIG mailbox/TG number and any information on the Campus-Based services for which they have enrolled. When applicable, PM sends a request to eCB for serial numbers for schools that require one.

### 3.1.2 Data Strategy Target State Background

The Target State business architecture maps the alignment of business functions to a business process-centric usage of data to support FSA's mission. In the table and diagram below, Campus-Based related functions are mapped to the following Business Capability Areas:

- Integration Partner Management (Application Process/Partner Enrollment)
- Origination and Disbursement (Award & Disbursement Processing and School Aid Payments & Funding Level Management)
- Partner Payment Management (Partner Payment Calculation/PrePopulation Shared Function)

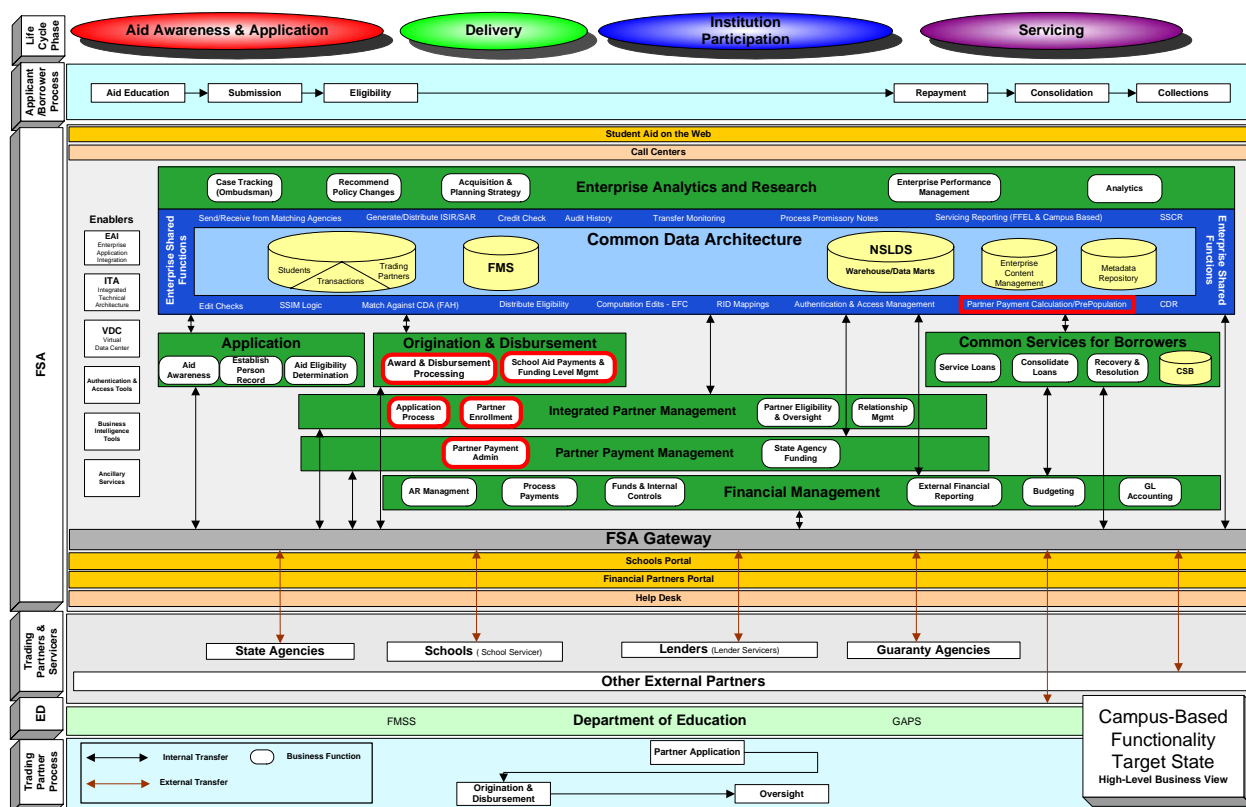
Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
IPM	Application Process/Partner Enrollment	Process School Application to Participate in Title IV programs (electronic application (eAPP) & FISAP functionality)	COD, NSLDS, eCB
O&D	Award and Disbursement Processing	Receive and Validate all Title IV Disbursements	COD, NSLDS
O&D	School Aid Payments & Funding Level Management	Substantiate all Title IV Federal Aid Payments to Schools	COD, eCB, FMS



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Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
PPM, Customers	Shared Functions	Process School Administrative Cost Allowance (ACA)	eCB, COD

**Table 4 - Campus-Based Functionality Target State Mapping**



**Figure 6 - Campus-Based Functionality Target State High-Level Business View**

### 3.1.2.1 Integration Payment Management

IPM will be responsible for processing the schools' application to participate in Campus-Based Programs, their request for funds, and the schools' enrollment.

### 3.1.2.2 Origination and Disbursement

Origination and Disbursement in the Delivery Life Cycle Phase was identified as the FSA point of origin for Campus-Based Aid. Schools will send disbursement updates using the Common Record via the FSA Gateway. After O&D processing, the disbursement information will be stored at both the detailed student level and the aggregated school level in the CDA. O&D will





use the details reported on the Common Record to manage school funding levels. O&D will calculate a tentative and final funding level for each award type and will notify the schools. O&D will also calculate the supplemental award amount to send to the schools based on their requests for additional funding after the annual cycle is completed and schools return undistributed funds.

#### *3.1.2.3 Partner Payment Management*

In the initial Data Strategy effort, a business process-centric usage of data led to a Common Data Architecture where many functions and data will be shared amongst the different business processes. One of these Enterprise Shared Functions, Partner Payment Calculation/PrePopulation, will be used by the Partner Payment Management BCA to determine the Administrative Cost Allowance (ACA) using data from the CDA. Schools claim an annual ACA from FSA to help defray the costs associated with administering Title IV Campus-Based Programs. ACA payments are considered part of the institution's total program expenditures, not an additional amount of money given to the school, and the payments are calculated as part of a school's Campus-Based Program expenditures.

#### *3.1.2.4 Financial Management*

No particular eCB function will be located in the Financial Management business capability area, but FM will play a pivotal role in completing eCB initiatives. FM will access the final funding authorization for Campus-Based Aid in the CDA. FM also processes funding adjustments, closeout of obligations for supplemental funding, and Teacher Cancellation Payments. FM will send these transactions to GAPS to allow draw downs by the schools. Acknowledgements of these activities flow back from GAPS to FM and are recorded in the CDA.

### **3.1.3 Functional Gap Statement**

The Data Strategy As-Is System Data Flow effort provided a detailed view of the data which supports eCB's FISAP processing and highlighted the lack of substantiation of Campus-Based aggregate information in eCB with the award level detail in NSLDS. Using the As-Is analysis as a foundation, FSA business owners crafted a comprehensive strategic vision. The business owners focused on increasing FSA's overall business performance and efficiency through consolidating overall business strategies and aligning functions with relevant business capability areas. As part of this Target State alignment, the Campus-Based functions were mapped to the IPM, O&D, and PPM Business Capability Areas, as well as the Enterprise Shared Functions.

Although the Campus-Based functions were mapped to the Target State Vision, FSA business owners wanted more clarity concerning the To-Be processing of the FISAP and Campus-Based financial transactions. In order to provide a more precise Target State definition, it is necessary to further develop the definition of eCB and FISAP processing in the As-Is state. This clear



definition of eCB in the As-Is state will enable the validation of the previously recommended mapping of eCB functions in the Target State and address any ambiguously defined functions with further detail. Additional options for mapping these functions will be provided in order to obtain the most efficient and well defined Target State Vision.

## 3.2 *Analysis Methodology*

### 3.2.1 Functional Options

In the initial Data Strategy effort, concerns were raised at retreats as to where eCB functions were mapped in the Target State. Although recommended mapping options were provided in the original Target Vision, there are a few options that may be further explored. The following sections contain possible options for:

- School Data Input
- Payment Calculations
  - Funds
  - Administrative Cost Allowance

#### 3.2.1.1 *School Data Input Options*

Currently, schools report their Campus-Based aid disbursements at the aggregate level through the FISAP to eCB. Schools also report Perkins Loans information at the detailed individual loan level to NSLDS, but these numbers are not verified with eCB. The options for the Target State with regards to what level this data shall be reported are:

Option 1 (unchanged): Schools submit their FISAP, including a report of the disbursement of awards at an aggregate level. The sections in the FISAP, such as the Fiscal Operations Report for Perkins Loans, FSEOG and FWS, remain the same. The aggregate FISAP data is used to substantiate the schools expenditures. Although schools may report loan level details to FSA, this data is not used in the FISAP processing and verification.

Option 2 (with reasonability): The information regarding each school's Campus-Based funds disbursement will be reported from the school at a detailed level, encompassing each individual's award type and amount for FWS, FSEOG, and Perkins Loan. Although the information on the FISAP will remain at an aggregate level, a reasonability check will be performed to ensure aggregate funding is within accepted tolerances of detail information provided from the school to the CDA.

Option 3 (prepopulation/substantiation based on details): The information regarding each school's Campus-Based funds disbursement will be reported from the school at a detailed level. The FISAP will be prepopulated for the school at an aggregate level based on the information reported to the CDA.



### 3.2.1.2 *Payment Calculations Options- Fund Allocation*

The following are possible options for the awards function, which calculates the funds that will be sent to schools for Campus-Based Aid:

Option 1: O&D will calculate Campus-Based funds to be distributed to schools.

Option 2: IPM will calculate Campus-Based funds to be distributed to schools.

### 3.2.1.3 *Payment Calculations Options - Administrative Cost Allowance*

FMS is responsible for payment calculations, including the Administrative Cost Allowance, in the current state. Note that the information used to calculate the allowances will be stored in the Partner Payment Calculation/PrePopulation shared function in the CDA. These are possible mapping options for the ACA calculation in the Target State.

Option 1: Partner Payment Management will calculate the ACA.

Option 2: Origination and Disbursement will calculate the ACA.

Option 3: IPM will calculate the ACA.

## 3.2.2 *Analysis Steps*

The analysis steps for the Campus-Based functional gap area will follow the process outlined in Section 1.3.2.2 Develop Analysis Steps.

## 3.3 *Analysis Results and Recommendation (Will be added in 152.1.3b)*

This section will discuss the results of the second phase of this effort, which will result in a recommended option for the mapping of this functional gap to the Target State.



## 4 NSLDS Functionality

### 4.1 Functional Gap Identification

#### 4.1.1 Data Strategy Current State Background

The National Student Loan Data System (NSLDS) serves as a cross life cycle repository of data for FSA. It compiles information about aid recipients, loans and grants they receive, guaranty agencies, lenders, and schools. NSLDS currently interacts with various systems, exchanging information that is critical to FSA, students, financial partners, and other external users. The figure below illustrates the different systems with which NSLDS interacts. The underlying detailed Process Data Flow diagrams are provided in Appendix B: Functional Gap Process Data Flows.

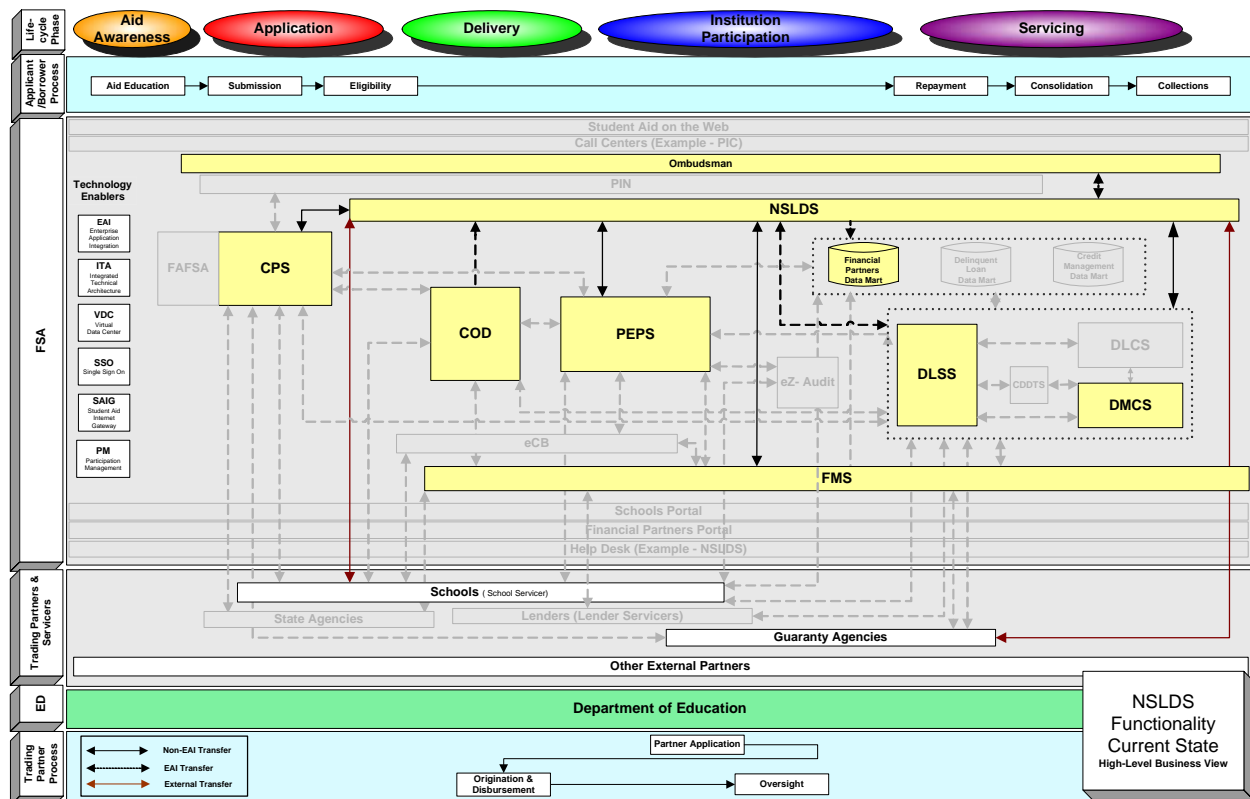


Figure 7 - NSLDS Functionality Current State High-Level Business View

In the As-Is state, the success of the financial aid process relies heavily on the data and functionality of NSLDS. By drawing attention to the number of system connection points, the diagram demonstrates how vital the functionality performed by NSLDS is in conducting FSA's daily transactions. The Financial Aid Life Cycle is comprised of five different Phases: Aid Awareness, Application, Delivery, Institution Participation, and Servicing. With the exception



of Aid Awareness, NSLDS functions perform tasks that are integral to each of these phases. The following sections summarize the NSLDS business processes performed in each phase of the Financial Aid Life Cycle.

#### *4.1.1.1 Application*

In the Application phase, NSLDS services the Eligibility process. From an NSLDS perspective, the Eligibility process is divided into two parts: the Pre-Screening and Post-Screening procedures. In Pre-Screening, NSLDS matches the student to a record in the database and compiles Financial Aid History (FAH) data (i.e. overpayment, default) using identifiers. The FAH file is then submitted to the Central Processing System (CPS). NSLDS also stores student demographic data. In addition, NSLDS plays a monitoring role in the Post-Screening process; by generating a weekly FAH report that notifies CPS of loan status changes that may affect eligibility.

#### *4.1.1.2 Delivery*

NSLDS serves the Delivery phase of the Financial Aid Life Cycle by collecting loan and grant information (Pell Grants, Direct Loans, Perkins Loans, FFEL Loans, and FSEOG overpayments). Additionally, it verifies and monitors all loan transfer documentation. NSLDS also receives updates to the student's aid information based on input obtained from FSA, Guaranty Agencies, and institutions.

#### *4.1.1.3 Institution Participation*

In the Institution Participation phase, NSLDS supports the Oversight Business Process by computing the Cohort Default Rate (CDR) based on loan details received. The rate is calculated to monitor a school's administration of Title IV funds. NSLDS makes Loan Record Detail Reports (LRDR) and notification letters available for schools to access via the SAIG. NSLDS also modifies and maintains data pertaining to student enrollment status (e.g., completion date, enrollment status).

NSLDS supports payments to Financial Partners by generating reports to verify the Reasonability of Forms 2000 and by sending Account Maintenance Fee and Loan Processing Issuance Fee details to FMS.

Periodically, NSLDS provides supporting queries for audit and program reviews, research and policy development, and budget formulation and execution.

#### *4.1.1.4 Servicing*

Servicing consists of three different components: Repayment, Consolidation, and Collections. In the Repayment Business Process, NSLDS gathers the latest student enrollment information from the different schools and/or servicers and sends the file to the Direct Loan Servicing System (DLSS) and GAs. NSLDS receives Direct Loan servicing updates from DLSS and FFEL



loan information from the Debt Management Collections System (DMCS). DMCS also sends NSLDS data related to defaulted loans through the Collections process. Although NSLDS does not directly interface with DLCS, consolidation updates flow from the Direct Loan Consolidations System (DLCS) to DLSS and then to NSLDS.

Due to a recent procurement by FSA, DLSS, DLCS, and DMCS are being joined to form the Common Services for Borrowers (CSB) initiative, which is consistent with the CSB Business Capability Area within the Data Strategy Target Vision.

#### 4.1.2 Data Strategy Target State Background

In the Target State, the NSLDS functions are aligned to Business Capability Areas. The functions aligned to more than one Business Capability Area are identified as Shared Functions. The following function matrix and diagram illustrate the NSLDS Target State mapping.

Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
APP, O&D, CSB, Customers	Shared Functions	Match against CDA (FAH) - Integrated Student View	CPS, COD, NSLDS
APP, O&D, CSB, Customers		Distribute Eligibility	CPS, NSLDS
IPM, Customers		Establish and Distribute Default Rates (CDR)	NSLDS, PEPS
PPM, Customers		Receive Financial Partner Invoicing (possibility to PrePopulate portions of Forms 2000 and 799 with CDA FFEL details depending on partner reporting requirements)	NSLDS - Account Maintenance Fee (AMF) & Loan Processing and Issue Fee (LPIF), FMS - Forms 2000 & Form 799 (LaRS)
CSB, Customers		Collect and Maintain Perkins, DL, and FFEL Servicing Information	NSLDS
APP, O&D, CSB, Customers		Receive and Validate Transfers records	NSLDS
APP, CSB, Customers		Collect and Distribute Student Status Confirmation Report (SSCR) information	NSLDS
APP, O&D, Customers		Perform requested Student Transfer Monitoring	NSLDS
O&D	Award and Disbursement Processing	Receive and Validate all Title IV Disbursements	COD, NSLDS



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Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
CSB	Service Loans	Perform Entrance & Exit Counseling	NSLDS, DLSS
		Maintain Borrower Enrollment & Loan Status	DLSS, NSLDS, Credit Management Data Mart (CMDM)
Enterprise Analytics and Research	Ombudsman Case Tracking	Research applicant/borrower issues	Ombudsman, NSLDS
	Recommend Policy Changes	Research data and make recommendations for policy changes	Various Systems
	Acquisition & Planning Strategy	Maintain Acquisition & Planning Strategy	Various Systems
	Enterprise Performance Management	Manage Enterprise Performance	Various Systems
	Analytics	Risk Management	Various Systems
		Gather data and execute triggers through analytics	Various Systems
		Integrated School View	Various Systems
		Integrated Student View	Various Systems
		Cross-System Analytics	Various Systems
FM	Budgeting	Manage Enterprise mandated budget	FMS, NSLDS

**Table 5 - NSLDS Functionality Target State Mapping**





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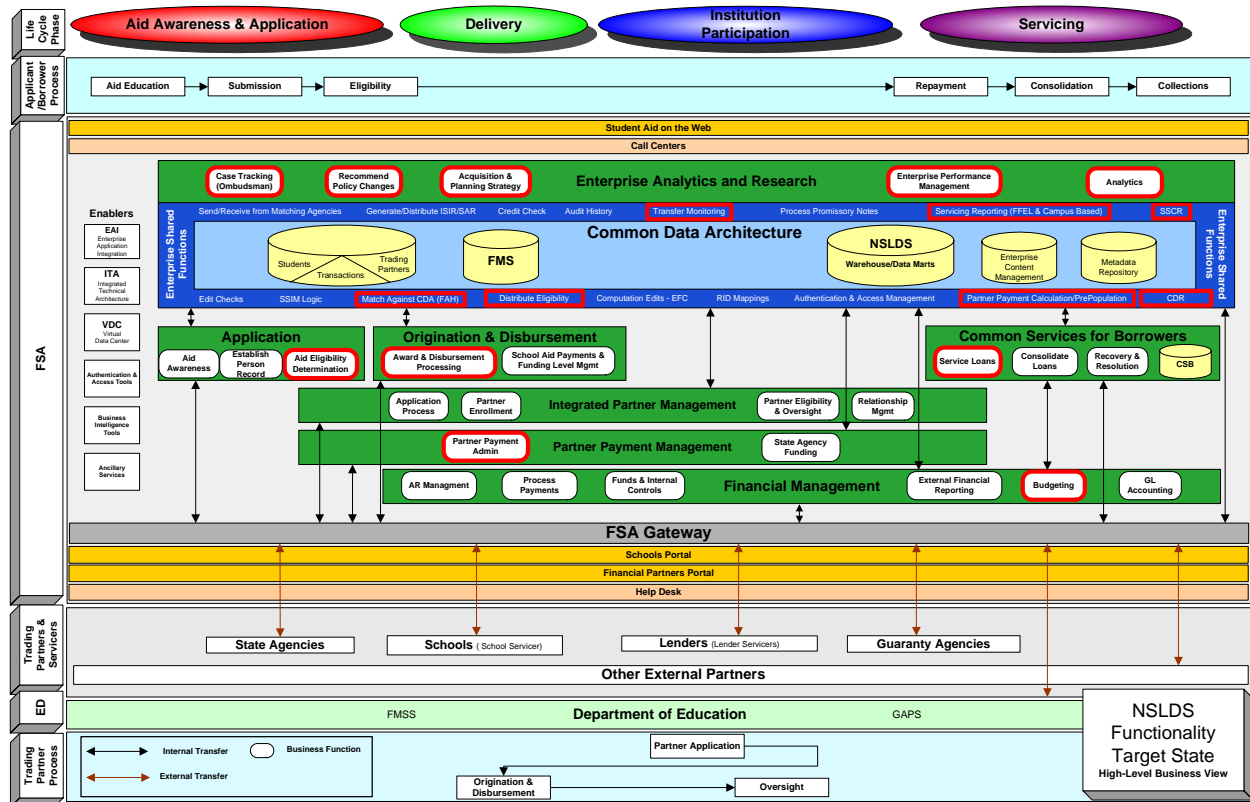


Figure 8 - NSLDS Functionality Target State High-Level Business View

In the Target State, the different phases of the Financial Aid Life Cycle are supported by the following BCAs: Application, Origination and Disbursement, Integrated Partner Management, Partner Payment Management, Common Services for Borrowers, Enterprise Analytics and Research (EA&R), and Financial Management. The Business Capability Areas are supported by the CDA and a number of Enterprise Shared Functions (ESF).

NSLDS is mandated by law as part of the Higher Education Act of 1965, and its functions are critical to the Target State. The tasks currently supported by NSLDS will be performed by multiple Business Capability Areas and Enterprise Shared Functions instead of originating from the physical NSLDS system. Furthermore, the current NSLDS data will be migrated to the CDA, which will provide a more comprehensive view of transactional and historical data. The analytical capabilities enabled by NSLDS will be enhanced by the integrated student and school views provided by the CDA.

The following sections discuss the Enterprise Shared Functions and the various BCAs to which the NSLDS functions are mapped.

## 4.1.2.1 Enterprise Shared Functions

Enterprise Shared Functions are a convergence of functions that service Business Capability





Areas in the Target State. Some of the key ESFs include Financial Aid History, Partner Payment Calculation/PrePopulation, Cohort Default Rate, and Student Status Confirmation Reports.

The Financial Aid History ESF will provide data to various BCAs, including APP, O&D, CSB, and E&AR. The information enables the BCAs to conduct entrance and exit interview counseling and investigate borrowers' complaints. In addition, the shared functions facilitate Eligibility distributions. There will be the potential in the Target State to prepopulate or calculate financial partner payments based on loan level details in the CDA. The CDR ESF will allow IPM and trading partner customers to calculate draft and official CDRs. Another ESF will facilitate the monitoring of student enrollment status. APP, CSB, O&D, and FSA customers (e.g. Financial Partners community, FFEL Loan Servicers) will benefit from this functionality through the receipt of Student Status Confirmation Reports (SSCR) and other student transfer information that may affect eligibility or loan status.

#### *4.1.2.2 Origination & Disbursement*

O&D submits all Title IV disbursement information to the CDA. A history of this disbursement data will be stored in the CDA warehouse.

#### *4.1.2.3 Common Services for Borrowers*

CSB manages borrower enrolment and loan status. In addition, it performs entrance and exit interviews.

#### *4.1.2.4 Enterprise Analytics & Research*

The data found in the CDA warehouse contributes to the Enterprise Analytics and Research Business Capability Area in the Target State. The To-Be NSLDS warehouse provides inputs that influence policy changes, assist in maintaining Acquisition & Planning strategies, and monitor the overall performance of the FSA Enterprise. Moreover, it services analytics and risk management, while providing integrated student and school views.

#### *4.1.2.5 Financial Management*

Financial Management accesses data housed in the CDA to administer the FSA Enterprise mandated budget.

### **4.1.3 Functional Gap Statement**

During the initial Data Strategy effort, As-Is data flows were created for the entire FSA Enterprise and grouped by Business Processes. Since NSLDS functions as an enterprise repository of information about Title IV recipients and their loans, grants, lenders, guaranty agencies, schools, and servicers, it has interfaces disbursed throughout these Business Processes. Although there was no single process data flow diagram for NSLDS, special sessions were conducted with the NSLDS business owners to identify and review the relevant flows to ensure



the NSLDS information was accurately captured.

The Data Strategy As-Is analysis was followed by a Target State visioning exercise. As part of this exercise, the functions which embody FSA's business processes were identified and aligned by Business Capability Areas. Although the meetings included discussion of NSLDS functionality, there were no sessions focused solely on NSLDS as there were in the As-Is data flow effort. A more detailed NSLDS focused analysis will verify that NSLDS core functions are included in the Target State and ensure the best functional mapping option is presented.

## **4.2 Analysis Methodology**

### **4.2.1 Functional Options**

In previous NSLDS-specific efforts, FSA business owners identified ten core NSLDS functions. These functions serve as enabling components of the FSA Enterprise Functions from the Target State Function Matrix. The following matrix provides a mapping of these NSLDS functions to the FSA Enterprise Functions. The last column in the matrix represents the Business Capability Area option that the NSLDS function currently aligns with in the Target State. A number of the functions are Enterprise Shared Functions and service multiple business capability areas.

<b>NSLDS Core Functions</b>	<b>FSA Enterprise Functions</b>	<b>As-Is Mapping Key Internal System(s)</b>	<b>Target State - Business Capability Area Options</b>
Financial Aid History	Match Against CDA (FAH) - Integrated Student View	CPS, COD, NSLDS	Shared Function (APP, O&D, CSB, EA&R, Customers)
	Perform Entrance & Exit Counseling	NSLDS, DLSS	
	Research Applicant/Borrower Issues	Ombudsman, NSLDS	
Student Aid Eligibility	Distribute Eligibility	CPS, NSLDS	Shared Function (APP, O&D, CSB, Customers)
Cohort Default Rate Calculation and Distribution	Establish and Distribute Cohort Default Rates (CDR)	NSLDS, PEPS	Shared Function (IPM, Customers)
Financial Partner Payment/Payment Reasonability	Receive Financial Partner Invoicing (possibility to PrePopulate portions of Forms 2000 and 799 with CDA FFEL details depending on partner reporting requirements)	NSLDS - AMF & LPIF, FMS -Forms 2000 & Form 799 (LaRS)	Shared Function (PPM, Customers)



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NSLDS Core Functions	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)	Target State - Business Capability Area Options
Aid - Reporting and Transfer Tracking	Collect and Maintain Perkins, DL, and FFEL Servicing Information	NSLDS	Shared Function (CSB, Customers)
	Receive and Validate Transfers Records	NSLDS	Shared Function (APP, O&D, CSB, Customers)
	Receive and Validate all Title IV Disbursements	COD, NSLDS	O&D
Student Transfer Monitoring	Perform Requested Student Transfer Monitoring	NSLDS	Shared Function (APP, O&D, Customers)
Enrollment Tracking/Reporting	Collect and Distribute SSCR Information	NSLDS	Shared Function (APP, CSB, Customers)
	Maintain Borrower Enrollment & Loan Status	DLSS, NSLDS, CMDM	CSB
Research and Policy Development	Research Data and Make Recommendations for Policy Changes	Various Systems	EA&R
	Maintain Acquisition & Planning Strategy	Various Systems	EA&R
	Manage Enterprise Performance	Various Systems	EA&R
Budget Formulation and Execution	Manage Enterprise Mandated Budget	FMS, NSLDS	FM
Supporting Audit and Program Review	Risk Management	Various Systems	EA&R
	Gather Data and Execute Triggers through Analytics	Various Systems	EA&R
	Integrated School View	Various Systems	EA&R
	Cross-System Analytics	Various Systems	EA&R

**Table 6 - NSLDS Functionality Target State Options**

#### 4.2.2 Analysis Steps

The analysis steps for the NSLDS functional gap area will follow the process outlined in Section



1.3.2.2 Develop Analysis Steps.

#### **4.3 Analysis Results and Recommendation (Will be added in 152.1.3b)**

This section will discuss the results of the second phase of this effort, which will result in a recommended option for the mapping of this functional gap to the Target State.



## 5 Oversight Functionality

### 5.1 *Functional Gap Identification*

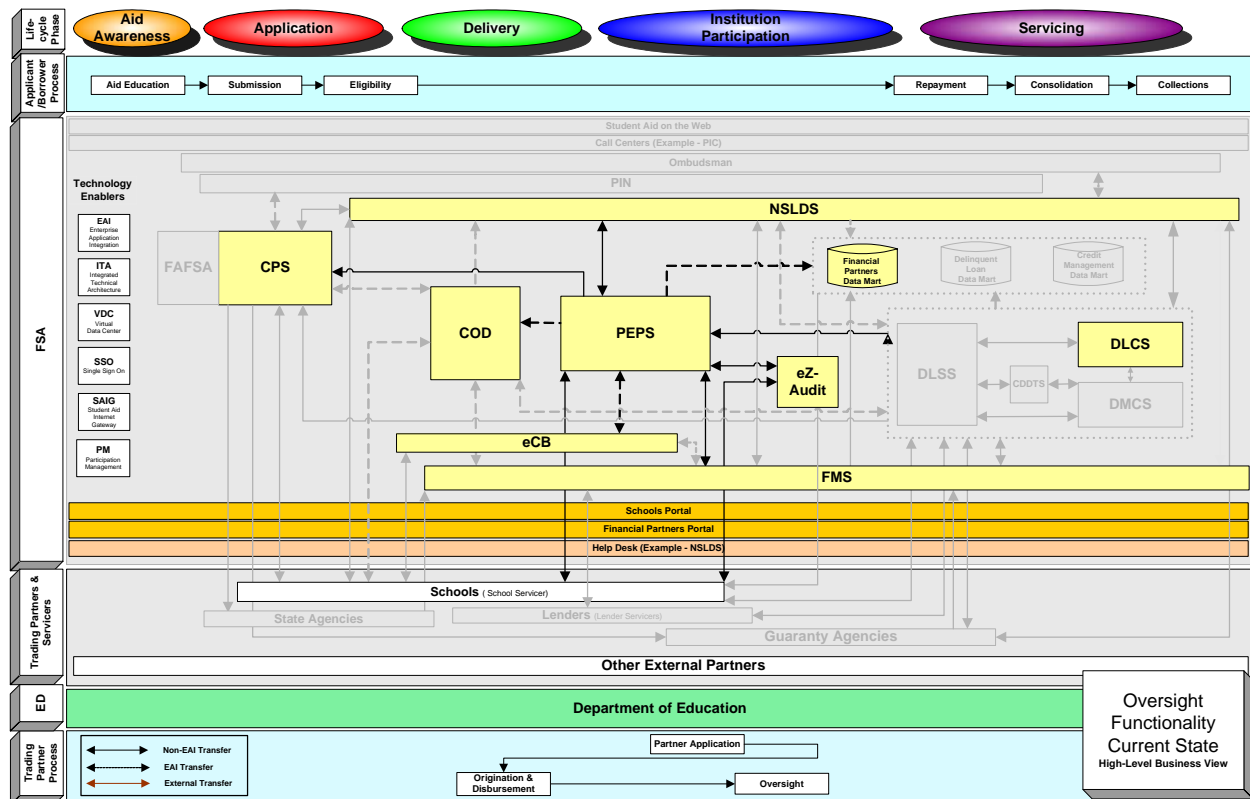
FSA oversees the Title IV participation of schools and financial partners. While the Data Strategy and eCMO efforts addressed school oversight processes, the functions required for financial partner oversight remain largely undefined. The following current state and Target State Background sections focus on Case Management's school oversight, with the understanding that the financial partner oversight concepts will be further developed within the next phase of the functional gap analysis effort.

#### 5.1.1 Data Strategy Current State Background

The Case Management and Oversight (CMO) organization monitors the Title IV participation of more than 6,000 institutions for post-secondary education. CMO is responsible for determining schools' initial and continued eligibility for Title IV funding and mapping an appropriate course of action in the case of non-compliance. These CMO tasks were identified in the initial Data Strategy effort as part of the Partner Application and Oversight Trading Partner Processes in the Institution Participation Life Cycle Phase. The data flows related to CMO activities are highlighted in the Life Cycle diagram below. The detailed data flows that underlie this Life Cycle diagram are presented in Appendix B: Functional Gap Process Data Flows.



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**Figure 9 - Oversight Functionality Current State High-Level Business View**

To support its tasks in the Institution Participation Life Cycle Phase, CMO must access school data from various systems such as PEPS, eZ-Audit, COD, eCB, NSLDS, the Institutional Assessment Model (IAM), and GAPS. The initial flow of the school data into these CMO supporting systems is presented in the Data Strategy As-Is data flows; however, the subsequent CMO access of this data does not constitute a true “data flow” and is not illustrated in the As-Is deliverable. Similarly, although CMO updates provide the information necessary for PEPS to create the school file, CMO’s direct outputs (manual data entries internal to the PEPS system and/or ad hoc paper-based correspondences) are not data flows. While the Data Strategy As-Is deliverable gives reference to these “non-data flow” topics, the eCMO project deliverable 127.1.1 eCMO: Case Management Analysis effort covers them in greater detail.

The eCMO effort ran parallel to initial Data Strategy effort. As part of the eCMO work, an As-Is view of CMO’s core business processes was detailed. FSA’s case management Subject Matter Experts and business owners identified ten core CMO functions. The following list provides a brief discussion of each of these functions.

### 5.1.1.1 Compliance Audit

CMO reviews institution’s financial records to determine whether the institution is complying with specific procedures or rules. An institution submits the audit, where it is first checked for



findings and then for completeness. A system will calculate the deficiency score and, if determined deficient, an analyst will review the audit findings and conduct a Level One Research. After sufficient information is gathered a Final Audit Determination (FAD) is drafted. Along with this an Audit Clearance Document (ACD) and Deficiency Data Input Form (DDIF) are created, which together is the Resolution Package that is reviewed. The last stage is to determine if the package requires concurrence, and if so it is sent to the Office of Inspector General (OIG).

#### *5.1.1.2 Risk Assessment*

Risk Assessment predicts the level of risk an institution poses as a Title IV participant and allows CMO to provide institutions with assistance before serious problems arise. Data Management and Analysis Division (DMAD) runs a risk probability model to create a Risk List and regional Risk Liaisons are notified of availability. The Case team conducts Level One Research and records all information in the Case Management Information Systems (CMIS). After the findings are discussed, the risk event is closed in CMIS. If there are problems, a new event is opened for a Program Review or other action that will further review the problem.

#### *5.1.1.3 Technical Assistance*

Technical Assistance (TA) is provided by CMO in response to a request from an institution: school's first time participation in Title IV, schools on reimbursement, reinstated schools, or a referral from a Case Team. There are many forms of TA, but the only types that are recorded in PEPS are TA On-site, TA Off-site, Management Assessment, TA Training On-site, TA Training Off-site, and Closed School Assistance. A strategy is prepared and after it is finalized it is documented into CMIS/PEPS. Next the strategy is executed and the outcome is evaluated.

#### *5.1.1.4 Closed Schools*

The Closed Schools Unit (CSU) establishes the official, effective, closure date for an institution and facilitates the activities associated with school closure. The CSU receives notification of school closure and verifies the date, records storage, continuing education of students, and tuition recovery. After the data is analyzed and reviewed, it is entered into PEPS. A closed school notice is prepared, partners are emailed, and payments are stopped in GAPS. This information is updated weekly from PEPS to the web and the CMO lead reports this monthly to partners. If the main location of the school is being closed, the Document Receipt and Control Center (DRCC) queries the closure into PEPS, and the reminder letter is sent and entered into PEPS. DRCC posts the Closed School Report to CMONet and a closeout audit is received. The Case Team researches the unaudited time period and Title IV funds are received. A total liability FAD is prepared and sent to the school. The remainder of the audit process is continued after this step.

On occasion a Case Team learns of a pending closure of an institution through student complaints, accrediting agencies, or the OIG. The Case Team verifies that the institution is closing and informs the CSU. Depending on the situation they may also notify Administrative





Actions and Appeals (AAA), the Division Director, the Office of General Counsel (OGC), state agencies, or the accrediting agency. If the school is closed, a stop pay is entered in GAPS. If the school is not officially closed, the risk to Title IV funds is assessed and the school may be placed on reimbursement. The Case Team advises students and parents of their ability to transfer and receive Federal Aid. Next they will review teach out agreements and ensure responsibility for securing records. If the school has cash-on-hand, a Letter of Credit (LOC), or a Perkins Loan portfolio, the money is collected and the promissory notes are obtained.

#### *5.1.1.5 Application*

The Department of Education must certify institutions in order for them to be able to participate in Title IV funding programs. After a school applies for initial certification, their information is reviewed and updated into PEPS. Case Teams facilitate the recertification process that is completed at least every six years by an institution. Performance Improvement and Procedures (PIP) inform Case Teams quarterly for all institutions up for recertification and the Case Teams inform the eligible foreign and domestic schools. Schools will submit the electronic application on the Web, where it will be reviewed and updated into PEPS. Schools are approved or denied for eligibility and all information is updated in PEPS. Schools may also apply to participate in the Direct Loan Program. After the application is reviewed the decision will be communicated to the institution, in which case the school will be either denied or placed on the approved DL list.

#### *5.1.1.6 Program Review*

Program Review is conducted by CMO in order to monitor institutional compliance with Title IV, the Higher Education Act (HEA), and Federal Student Aid regulations. Program reviews are conducted on average every seven years. Triggers that prompt reviews include a risk management process, audit, student complaint, Inspector General review, media/high profile event, or Ability To Benefit test publisher reviews.

The three types of Program reviews typically performed are Survey Review, Model Case Enforcement, and Focused Program Review. A Survey Review is an all inclusive review of an institution's general performance in meeting its administrative and financial obligations relative to the program. A Model Case Enforcement Review is conducted when an institution is suspected of fraud or abuse, likely resulting in administrative action. Focused Program Reviews are conducted to investigate a specific issue relating to an institution. Reviewers gather information for their pre-site review from PEPS, CMIS, GAPS, NSLDS, COD, FISAPs, ACORDE, institution's website, any related public stories, the Office of Post-Secondary Education (OPE), accreditation agency, state licensing, guarantee agencies, and client account managers. At the institution's site a review team conducts a five day review, which includes interviewing key staff, reviewing a sample of student records, and assessing school records. After the on-site review, all information is reviewed and if findings are serious a full Program Review report is created.





#### *5.1.1.7 Administrative Actions and Appeals*

Administrative Actions and Appeals (AAA) is a unit within ED that has the authority to take legal actions against educational institutions that mismanage Title IV or HEA funds. AAA also investigates allegedly fraudulent schools or schools that have breached other program-related procedures. The actions against the schools are normally referred by, but not limited to, the following entities: Inspector General, Program/ Audit Reviews, Case Team Decisions, Office of Post Secondary Education, and Default Management. Before an action is taken, AAA normally goes through a process. The first step is to investigate using PEPS as a main source of background information. AAA also gathers evidence supplied by the OGC to validate whether or not the accusations against the school are valid. If the allegations are justified, an action is then taken against the institution. The decision is based on the severity of the school's infringement. The institution may be fined or denied recertification, for example.

#### *5.1.1.8 Financial Statements*

Schools are required to submit financial statements online to the Department of Education via eZ-Audit. The system mandates that some financial information be entered online and that schools attach a PDF (Portable Document Format) copy of the statement before submission. After receiving an institution's financial information, eZ-Audit performs a review. Based on the review's results, the statement can be flagged or non-flagged. There are several reasons that can trigger a flag. For example, a change in auditor or a 90/10 Revenue attestation being greater than 90% could set a flag. Additional reasons are covered in detail in eCMO project deliverable 127.1.1 eCMO: Case Management Analysis. If a financial report is flagged, the co-team leader reviews it and sends it to a financial analyst who, after doing research, determines the reason for the flagging. After approval from the co-team leader, the financial analyst notifies the school by drafting the appropriate letter. eZ-Audit forwards non-flagged financial statements to a user who has quality control privileges. If a statement is complete, it is sent to the system's archive folder; otherwise, schools must resubmit a complete financial statement.

#### *5.1.1.9 Reimbursements*

Reimbursement is an unfavorable payment system that schools are placed on. The decision to place a school on reimbursement comes from actions, such as Program Review and financial analysis. After confirming that reimbursement action will be taken against an institution, PEPS generates a notice that a reimbursement analyst forwards to the Case Management contacts (for example: AAA, Direct Loans, and the co-team lead). The school's personal information is also updated to reflect the reimbursement decision. A reimbursement notification package is then sent to the institution with instructions on the steps to take. The Direct Loan and Pell Programs have a slightly different reimbursement process. After receiving the package, a school must complete and sign the required forms and send an updated list of students to be paid. In order for a school to be removed from reimbursement, the Case Team has to reach consensus. If so, the reimbursement flag is removed and a letter is sent to the institution.



#### 5.1.1.10 Miscellaneous Processes

The following processes are also included within CMO:

- **Vetting** – Vetting requests are sent by the Government body to the FSA Correspondence Office. The goal of vetting is to inform requesters about problems that can affect a visit or special recognition to the school from a government official.
- **Control Correspondence** – The role of the FSA Correspondence Office is to keep track of letters and emails received. The letters and emails are forwarded to the appropriate department with a message indicating whose signature must be on the reply. Each letter is assigned a tracking number and a due date.
- **Freedom of Information Act Requests** - After being assigned a due date and a number, Freedom of Information Act (FOIA) Requests are sent to the Schools Channel/CMO Office by the FOIA Office. The requests are then handed over to the appropriate department.
- **Student Complaints** – Students voice complaints through various sources including the FSA Ombudsman and 800-4-FEDAID. If the issue is critical, the Case Team involved may submit it to OIG or start a Program Review.
- **Experimental Sites** – The program was devised to help schools follow Title IV and regulatory requirements. After submitting a proposal to Performance and Accountability Improvement (PAI), a school would design different options that can help them better follow certain Title IV procedures and influence changes in the way that student aid programs are managed.
- **Quality Assurance** – The Quality Assurance (QA) Program gives schools the opportunity to verify a student’s financial information on their own. Federal Regulations (FEDREG) sends out invitations to the schools. If they choose to participate, the school submits an application via PAI.
- **Distance Education** – Congress requires that ED, through the Distance Education pilot, provide aid to students participating in a distance learning program outside of regulatory bounds.

#### 5.1.2 Data Strategy Target State Background

Using the As-Is Data Flows and the eCMO As-Is function definitions, FSA’s business owners mapped the CMO functionality primarily to the IPM Business Capability Area. However, they also discussed the possibility of using the Enterprise Analytics and Research Business Capability Area to support risk management and analytical case triggers. As the concept of enterprise analytics was considered, the business owners began to develop the idea to consolidate trading partner oversight, where functions are common to the oversight of both schools and financial partners. The following matrix and diagram highlight the oversight relevant items in the Target State.



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Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
IPM	Partner Enrollment	Process School Application to Participate in Title IV Programs (eAPP & FISAP Functionality)	PEPS, eCB
	Partner Eligibility & Oversight	Recertify Institutions	PEPS
		Maintain Partner Relationships	Each FSA system
		Maintain Partner Eligibility	PEPS
		Process Institution Financial Statements	eZ-Audit
		Process Institution Audits	eZ-Audit, PEPS
		Process School Eligibility Changes (Including Accrediting Agencies) - As Part of To-Be Planning, the Standardization for Reporting this Information will be Considered	PEPS
		Monitor Partners (Case Triggers, Program Reviews, Risk Scores, Funding Methods, and Funding Controls). Note: Case Triggers are Simplified by having Cross-System Analytics Running Against Centralized Data in the CDA	PEPS, Financial Partners Data Mart (FP DM)
Enterprise Analytics and Research	Analytics	Risk Management	Various Systems
		Gather Data and Execute Triggers through Analytics	Various Systems
		Integrated School View	Various Systems
		Cross-System Analytics	Various Systems

**Table 7 - Oversight Functionality Target State Mapping**



# Data Strategy 2.0 Data Framework Data Strategy Target Vision Functional Gap Analysis (Draft)

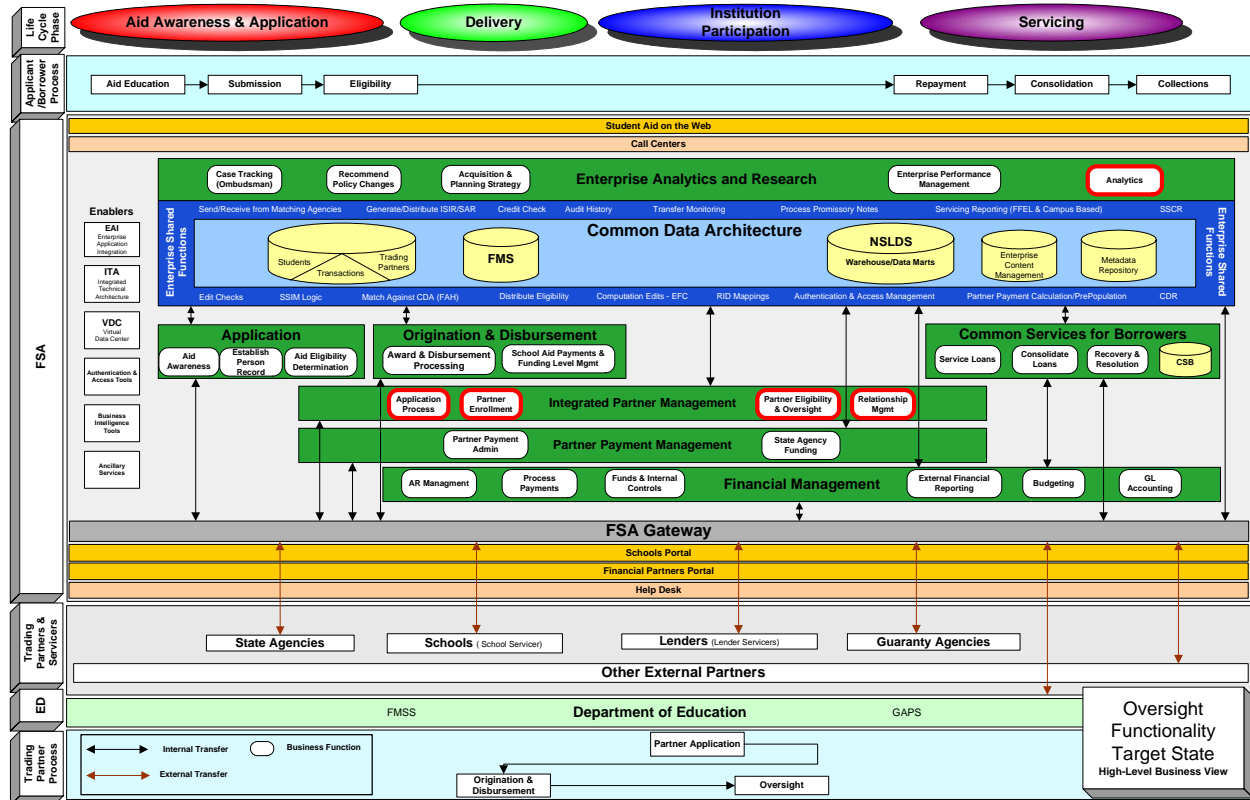


Figure 10 - Oversight Functionality Target State High-Level Business View

Similar to the As-Is efforts, the initial Data Strategy and eCMO projects continued to run in parallel during the Target State visioning. eCMO complimented the Data Strategy's high-level business mapping by identifying several Target State solution components. These components included: Decision Support, Risk Model, Integrated School View, Notifications, Workflow, Document Management, and Management Reporting/Analytics.

## 5.1.3 Functional Gap Statement

Through the combination of the Data Strategy and eCMO efforts, FSA business owners developed a comprehensive understanding of the current state case management environment and crafted a Target State focused on integrating data and improving communications with both internal and external partners. Through the visioning process, the business owners recognized the need for improved decision-making for all trading partners, not just schools. Consequently, they developed the concept of Integrated Partner Management.

In the advent of the IPM solution research, it was unclear whether all CMO tasks would be serviced by the new Business Capability Area. Questions arose in the Data Strategy retreats as to the best option for mapping some of the eCMO solution components, such as the risk management and analytical case triggers. It was noted that some eCMO functionality may be best serviced by Enterprise Analytics and Research and falls outside the immediate scope of the



IPM solution. To provide a more definitive Target State, an analysis will be conducted to develop a consensus among the business owners as to the best option for mapping case management related functions, with consideration given to the potential for financial partners requiring the same functionality.

## 5.2 Analysis Methodology

### 5.2.1 Functional Options

The CMO core functions defined in the eCMO As-Is analysis serve as enabling components of the FSA Enterprise Functions identified in the Target State Function Matrix. The matrix below maps the CMO core functions to the related FSA Enterprise Functions and provides a list of potential Target State mapping options that will be further explored. The last four functions (Risk Assessment, AAA, Program Reviews, and the miscellaneous functions) are currently mapped to two options: IPM and EA&R. Through the functional gap analysis effort, FSA business owners will determine which option is preferred or whether another option should be considered. In some instances, it may be determined that the function is critical to multiple Business Capability Areas and has the potential to become an Enterprise Shared Function.

CMO Core Functions	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)	Target State - Business Capability Area Options
Application	Process School Application to participate in Title IV programs (eAPP & FISAP functionality)	PEPS, eCB	IPM
	Recertify Institutions	PEPS	IPM
Closed Schools	Maintain Partner Eligibility	PEPS	IPM
	Process School Eligibility changes	PEPS	IPM
Reimbursements	Maintain Partner Eligibility	PEPS	IPM
	Process School Eligibility changes	PEPS	IPM
Financial Statements	Process Institution Financial Statements	eZ-Audit	IPM
Compliance Audit	Process Institution Audits	eZ-Audit, PEPS	IPM
Technical Assistance	Monitor Partners (Case triggers, program reviews, risk scores, funding methods, and funding controls).	PEPS, FP DM	IPM



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CMO Core Functions	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)	Target State - Business Capability Area Options
Risk Assessment	Monitor Partners (Case triggers, program reviews, risk scores, funding methods, and funding controls).	PEPS, FP DM	IPM
	Risk Management	Various Systems	EA&R
Administrative Actions and Appeals	Monitor Partners (Case triggers, program reviews, risk scores, funding methods, and funding controls).	PEPS, FP DM	IPM
	Gather data and execute triggers through analytics	Various Systems	EA&R
	Integrated School View	Various Systems	EA&R
	Cross-System Analytics	Various Systems	EA&R
Program Reviews	Monitor Partners (Case triggers, program reviews, risk scores, funding methods, and funding controls).	PEPS, FP DM	IPM
	Gather data and execute triggers through analytics	Various Systems	EA&R
	Integrated School View	Various Systems	EA&R
	Cross-System Analytics	Various Systems	EA&R
Miscellaneous Functions (e.g., vetting, control response, freedom of information act requests, etc.)	Monitor Partners (Case triggers, program reviews, risk scores, funding methods, and funding controls).	PEPS, FP DM	IPM
	Gather data and execute triggers through analytics	Various Systems	EA&R
	Integrated School View	Various Systems	EA&R
	Cross-System Analytics	Various Systems	EA&R

**Table 8 - Oversight Functionality Target State Options**



### 5.2.2 Analysis Steps

The analysis steps for the Case Management Oversight functional gap area will follow the process outlined in Section 1.3.2.2 Develop Analysis Steps.

### 5.3 *Analysis Results and Recommendation (Will be added in 152.1.3b)*

This section will discuss the results of the second phase of this effort, which will result in a recommended option for the mapping of this functional gap to the Target State.





## 6 Lender Payments Scope of Effort Analysis

### 6.1 Functional Gap Identification

#### 6.1.1 Data Strategy Current State Background

During the initial Data Strategy effort, the Lender Payment As-Is data flows were identified as part of the Oversight Trading Partner Process in the Institution Participation Life Cycle Phase. As shown below, the Financial Aid Life Cycle Diagram has been updated to illustrate the data flows related to the current lender payment processes. The underlying detailed Process Data Flow diagrams are provided in Appendix B: Functional Gap Process Data Flows. It should be noted that although FMS distributes information related to lender payments to PEPS, Financial Partners Data Mart, and NSLDS, these data flows are not directly part of the lender payment process.

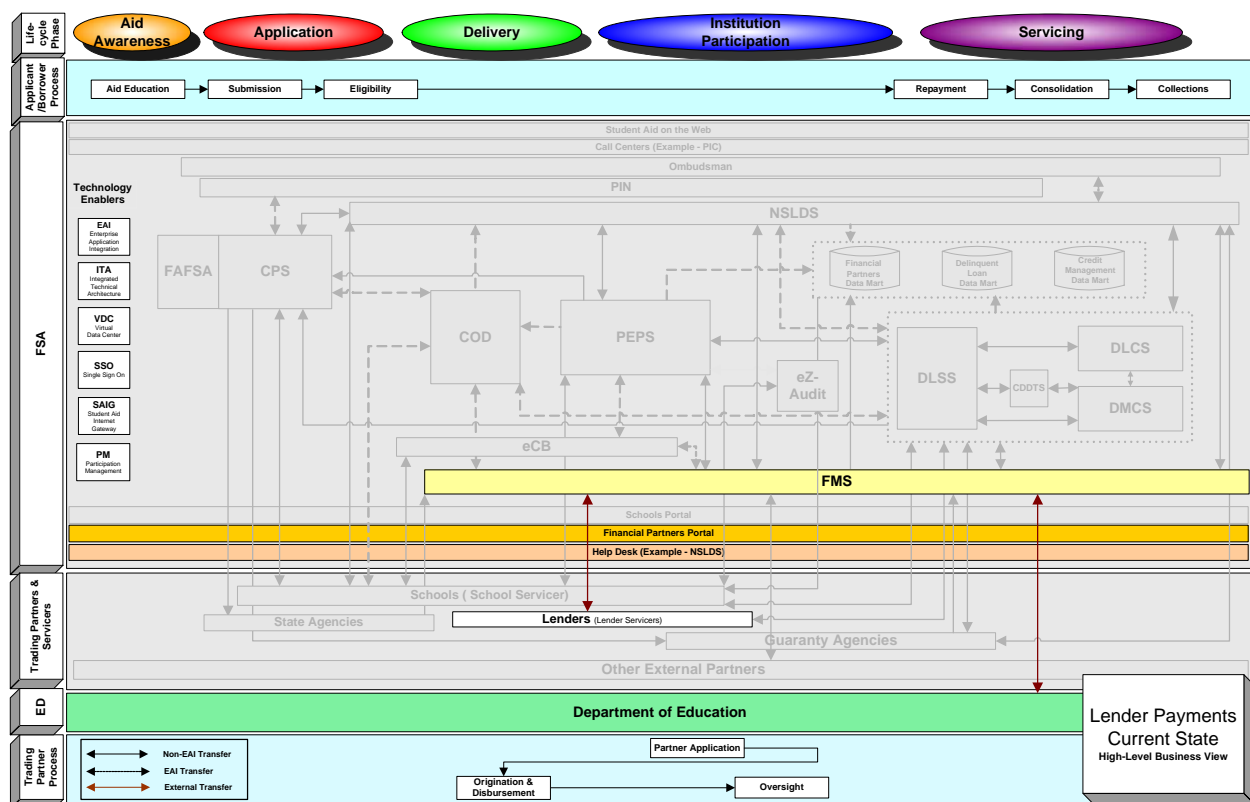


Figure 11 - Lender Payments Current State High-Level Business View

Lenders initiate the payment process by reporting aggregate FFEL loan portfolio information each quarter to FMS electronically via the SAIG mailbox, online via the Lender Reporting System (LaRS), or on paper (ED Form 799) via standard mail. They report on six areas:



- **Self Identification** – Lenders report demographic information to identify themselves.
- **Loan Origination & Lender Fees** – Lenders report origination fees, lender fees or adjustments.
- **Interest Benefits** – Lenders report interest activity or adjustments for Federal Stafford (subsidized) loans in an in-school, grace or authorized deferment status, and for Federal consolidation loans in a period of authorized deferment.
- **Special Allowance** – Lenders report special allowance or adjustments (not paid on certain Federal Stafford loans and Health Education Assistance Loan (HEAL) portion of a consolidated loan).
- **Loan Activity** – Lenders report changes for last quarter in guaranteed loan principal for each type of loan.
- **Loan Portfolio Status** – Lenders report end-of-the-quarter status of the outstanding guaranteed loan principal for each type of loan.

After a lender submits the FFEL information, FMS runs edit and reasonability checks and calculates the amount payable or receivable based on the net of the interest and special allowances less the loan origination and lender fees. If a payable exists, an invoice is reported to the Department of Education's Office of the Chief Financial Officer (ED CFO) for disbursement by Treasury to the lender. If a receivable exists, FMS notifies the lender. The lender then makes payments to a lockbox where cash receipt transactions are generated and reported to FMS. Throughout this process, FMS generates accounting events based on the transaction details it receives and sends updates to the Department of Education's Financial Management System (FMSS).

### 6.1.2 Data Strategy Target State Background

In the Data Strategy Target State Vision, the lender payment/LaRS functionality was mapped to the Partner Payment Management Business Capability Area with Financial Management handling the processing of the payments. As part of the Target State visioning, it was noted that there is the potential for a shared function that would provide pre-population of the LaRS form and allow the customers to view estimated payment and fee amounts throughout the payment period. The matrix and diagram below highlight the Target State components that are relevant to lender payments.

Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
PPM, Customers	Shared Functions	Receive Financial Partner Invoicing (possibility to PrePopulate portions of Forms 2000 and 799 with CDA FFEL details depending on partner reporting requirements)	NSLDS – AMF & LPIF, FMS – Forms 2000 & Form 799 (LaRS)
PPM	Partner Payment Admin	Partner Payment Admin Functions become Enterprise Shared Functions (see Shared Function below)	



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Data Framework  
Data Strategy Target Vision Functional Gap Analysis  
(Draft)

Business Capability Area (Green Box)	Enterprise Function Grouping	FSA Enterprise Functions	As-Is Mapping Key Internal System(s)
FM	Process Payments	Process payment transactions for both borrowers and Trading Partners	FMS

Table 9 - Lender Payments Target State Mapping

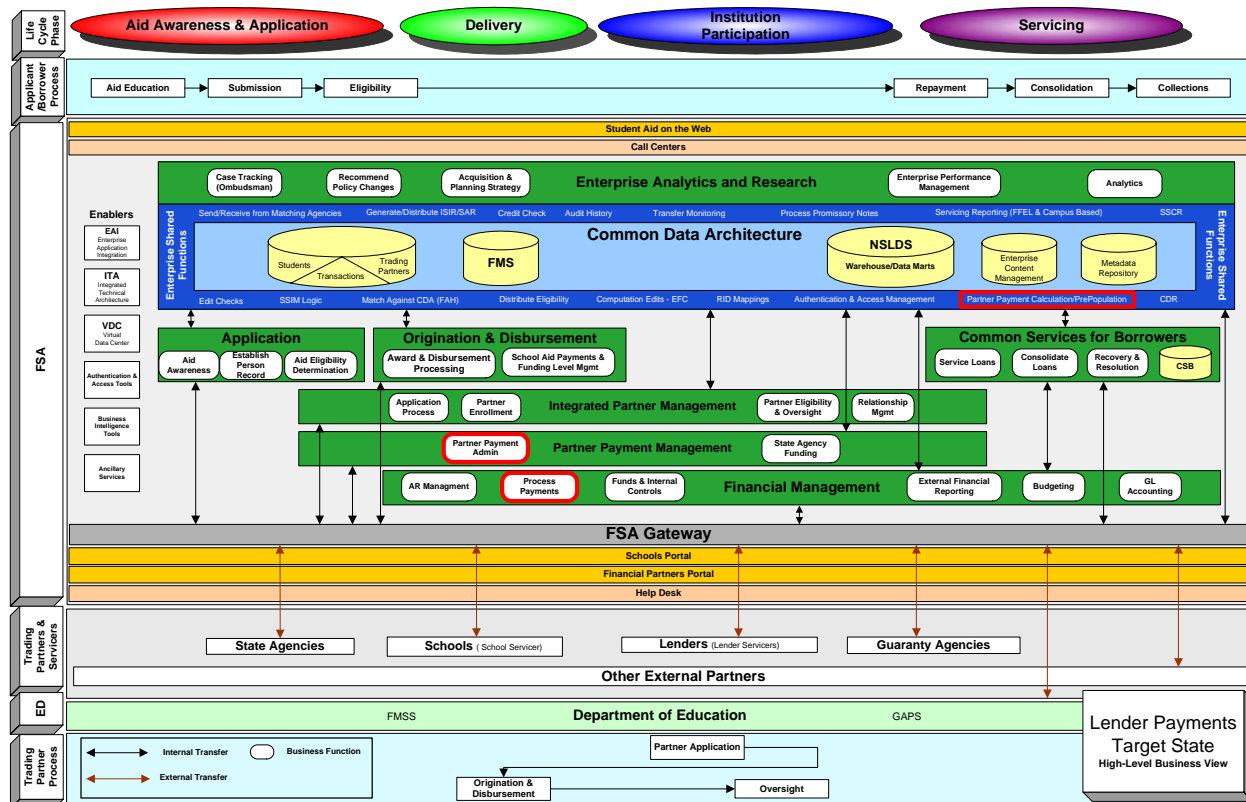


Figure 12 - Lender Payments Target State High-Level Business View

### 6.1.3 Functional Gap Statement

The Office of Management and Budget (OMB) continues to express concerns related to the substantiation of lender payments. During the initial Data Strategy retreats, the concept of calculating lender payments based on FFEL loan details was discussed, but was only noted as a possibility. To further explore this possibility, an analysis of the scope of effort required to perform the calculation needs to be conducted. This scope should outline the associated costs and facilitate the FSA business owners as they determine the appropriate course of action to address OMB's concerns.



## 6.2 *Analysis Methodology*

### 6.2.1 Functional Options

The three primary options for calculating/substantiating lender payments are as follows:

- **Aggregate Information** - FSA continues to base payments on aggregate data reported by lenders with increased scrutiny in reasonability checks and audits.
- **Semi-Aggregate Data** - Based on a legislative or regulatory change, the formula for calculating lender payments is altered such that FSA uses semi-aggregate data (e.g., does not require average daily balances).
- **Loan Level Details** - FFEL reporting requirements are changed such that FSA is able to calculate lender payments using loan level details.

The lender payment functional gap analysis will focus on the third option and the feasibility of calculating the payments based on detailed loan data collected by FSA. By considering the costs and benefits associated with this potential change, FSA and OMB will be better able to assess the practicability of substantiating FFEL lender payments. If the viability of the option is questionable, an additional effort may be required to evaluate and compare all three options.

### 6.2.2 Analysis Steps

The analysis steps for the Lender Payments scope of effort analysis will follow the process outlined in Section 1.3.2.2 Develop Analysis Steps.

## 6.3 *Analysis Results and Recommendation (Will be added in 152.1.3b)*

This section will discuss the results of the second phase of this effort, which will result in a scope of effort analysis for this functional gap.



## Appendix A: Acronyms



## Appendix B: Functional Gap Process Data Flows



## Appendix C: Functional Gap Analysis Participants





## Appendix D: Target State Function Matrix